

ASX RELEASE

10 March 2015

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## **\$US23 million Metals Purchase Agreement signed**

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KBL Mining Limited (“the Company” or “KBL”) has signed a Metals Purchase Agreement (“MPA”) with Quintana Mineral Hill Streaming Co. LLC, an affiliate of US based Quintana Minerals Corporation (jointly “Quintana”), which will provide the Company with \$US23 million on account of future sales of base metals, silver and gold to be produced at KBL’s Mineral Hill Mine for the life of Mine.

The \$US23 million payment will be drawn initially as to \$US13.6 million, portion of which will be used to fund repayment of KBL’s AUD \$12.6 million term debt due for repayment on 16 March 2015. The balance will be drawn in 5 subsequent payments against achievement of specified development milestones related to an improvement programme at the Mineral Hill Mine. This programme focuses on open pitting the Pearse gold deposit, installing a CIL circuit so the processing plant can produce dore gold, adding a lead cleaner circuit and a zinc circuit and other underground mining improvements which will provide the Mine with a sound future.

The metal which will be streamed to Quintana under the MPA will represent some 24.1 % of payable copper, lead, zinc, silver and gold produced at Mineral Hill until a specified delivery hurdle quantity has been met for each metal (Delivery Hurdle) and then the streaming percentage for that metal will reduce to 12.1%. Under current production forecasts the Delivery Hurdle will be met following approximately 4 years of production. KBL will be paid for metal streamed to Quintana at the prevailing market price for that metal, except that if the market price is more than a specified fixed price then the lower fixed price is to be paid.

These fixed prices (subject to a 1% increase each year starting on the third anniversary of the Commencement Date) provide the benefit to Quintana and are:

- for copper, US\$ 0.75 per pound until the Delivery Hurdle of 8,761,905 pounds and thereafter US\$ 1.125 per pound.
- for gold, US\$ 290 per troy ounce until the Delivery Hurdle of 22,452 troy ounces and thereafter US\$ 435 per troy ounce.
- for silver, US\$ 4.00 per troy ounce until the Delivery Hurdle of 234,381 troy ounces and thereafter US\$ 6.00 per troy ounce.
- for zinc, US\$ 0.25 per pound until the Delivery Hurdle of 3,395,238 pounds of zinc and thereafter US\$ 0.375 per pound.
- for lead, US\$ 0.25 per pound until the Delivery Hurdle of 7,338,095 pounds of lead and thereafter US\$ 0.375 per pound.

The remaining quantities of metals produced at Mineral Hill will be sold by KBL at prevailing market prices. The relationship between Quintana and the Company will be further strengthened by the appointment of three Quintana nominees as Directors of KBL, bringing the KBL Board to seven Directors. The Company expects to announce details of these appointees on or prior to 16 March 2015. Quintana, through affiliate Quintana KBL Holding Co. LLC, will also be issued 49,080,785 options (being some 9.9% of KBL’s current issued shares) each entitling Quintana to subscribe for and be issued 1 fully paid ordinary share in KBL (ranking equally with KBL’s then issued shares) on payment of 2.47 cents prior to 16 March 2018.

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**About KBL Mining**

*KBL Mining is an Australian Resource Company listed on the ASX (KBL and KBLGA) with a focus on producing precious and base metals. KBL's main assets include the Mineral Hill copper-gold-silver-lead-zinc mine near Condobolin in New South Wales and Sorby Hills lead-silver-zinc project in Western Australia. The Company has been operating the refurbished processing plant at Mineral Hill since October 2011 to produce copper concentrates. Sorby Hills (KBL holds 75% with Henan Yuguang Gold & Lead Co. Ltd (HYG&L) holding 25%) is one of the world's largest near surface undeveloped silver-lead deposits, close to port infrastructure and a short distance from Asian markets. The project received environmental approval on 2 April 2014 and the Joint Venturers are now progressing the Project to development*

*More information can be found on KBL's website at [www.kblmining.com.au](http://www.kblmining.com.au).*

**About Quintana**

*Quintana Resources Holdings LP ("Q-Holdings") is an investment holding company with a strong focus on the global metals and mining sector and providing capital that optimizes a company's capital structure – with an emphasis on extending funding to cash-flowing (or within 1 year) projects through base metals streaming agreements. Q-Holdings is managed by Quintana Resources Capital ULC, a Vancouver-based management company with a dedicated team of highly experienced mining professionals. Both companies are members of the Houston-based Quintana Minerals Corporation ("QMC") group of companies, which have been in existence for close to 100 years. QMC was originally formed as the mining division of Quintana Petroleum Corp. in 1963, and is today the management company for a large group of energy and natural resources-based private and publicly-traded companies and private equity firms controlled and/or operated by the Corbin J. Robertson Jr. family. For more information please visit [www.quintanaresources.com](http://www.quintanaresources.com) and/or contact Oliver Rodz, President of Q-Holdings, 601 Jefferson Street, Suite 3600, Houston, Texas 77002 (tel: +1 713-751-7500).*